

Message Text

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43

ACTION OPIC-06

INFO OCT-01 AF-08 ISO-00 EB-07 COME-00 /022 W

----- 090328

P 131440Z SEP 76

FM AMEMBASSY GABORONE

TO SECSTATE WASHDC PRIORITY 8672

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E.O. 11652: N/A

TAGS: EINV, BC

SUBJECT: OPIC ANNUAL "D" AWARD

REF: A) STATE 223684; B) GABORONE A-60 AND PREVIOUS

1. WHILE IT IS TRUE THAT AMAX INVESTMENT IN SELEBI-PIKWE COPPER/NICKEL MINE REPRESENTS THE LARGEST U.S. INVESTMENT IN BOTSWANA TO DATE, THE MINE HAS BEEN SOURCE OF DISAPPOINTMENT TO BOTH GOB AND PRIVATE INVESTORS SINCE IT OPENED IN 1973. ALTHOUGH SERIOUS TECHNICAL AND MANAGERIAL PROBLEMS ARE REPORTEDLY SOLVED AND MINE IS AT LAST NEARING FULL PRODUCTION, INDEBTEDNESS OF THE PROJECT, ACCORDING TO PRESS, WAS AT RAND 251 MILLION AS OF END OF JUNE. MOREOVER, CAPITAL RESTRUCTURING DISCUSSIONS HAVE BEEN UNDERWAY BETWEEN GOB AND INVESTORS, INCLUDING AMAX, TO RDUCE GOB CLAIMS ON PROFITS, SHOULD ANY BE REALIZED. TOO, THERE IS MUST SPECULATION THAT AMAX IS PRRE-PARING TO SELL ITSELF OUT OF PROJECT IN ORDER TO CUT LOSSES. FINALLY, SELEBI-PIKWE HAS NOT PROVIDED CONSISTENT EXAMPLE OF GOOD RACE AND INDUSTRIAL RELATIONS. STRIKES AND RIOTS OCCURRED IN 1975 AND THERE WERE CHARGES THAT CONDUCT OF NUMEROUS RHODESIAN AND SOUTH AFRICAN EXPATRIATES AT MID-MANAGERIAL LEVEL NOT IN KEEP-ING WITH PRACTICES IN MULTIRACIAL BOTSWANA.

2. EMBASSY DOES NOT CLAIM THAT CHANCES ARE NIL FOR TURN-AROUND AT SELEBI-PIKWE NOR THAT AMAX WILL PREMATURELY GET OUT OF THE PROJECT. HOWEVER, GIVEN UNCERTAIN ATMOSPHERE AND PRESENT SQUABBLE OVER PROFITS WITH GOB, WE BELIEVE THAT CONSIDERATION OF OPIC AWARD FOR AMAX MIGHT BE BETTER POSTPONED UNTIL SITUATION IS CLEARER AND SELEBI-PIKWE IS PROVEN TO BE MODEL

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RESULT OF AMERICAN INVESTMENT.

3. SHOULD OPIC WISH DISCUSSION IN DEPTH ON SELEBI-PIKWE,
RECOMMEND CONTACT E. SHEKARCHI OF BUMINES.
ALBERTI

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Message Attributes

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